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REPORT OF THE UNITED NATIONS VISITING MISSION TO PALAU, TRUST TERRITORY OF THE PACIFIC ISLANDS, 1992*

* The present document is a mimeographed version of the report of the Visiting Mission. The printed text will be issued subsequently as Official Records of the Trusteeship Council, Fifty-ninth Session, Supplement No. 1 (T/1964).

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LETTER OF TRANSMITTAL

20 May 1992

Sir,

I have the honour to transmit to you herewith, in accordance with Trusteeship Council resolution 2194 (S-XXI) of 19 December 1991 and rule 98 of the rules of procedure of the Council, the report of the United Nations Visiting Mission to Palau, Trust Territory of the Pacific Islands.

This report is subscribed to by all the members of the Visiting Mission.

Accept, Sir, the assurances of my highest consideration.

(Signed) Thomas L. RICHARDSON
Chairman
United Nations Visiting Mission
to Palau, Trust Territory of
the Pacific Islands, 1992

His Excellency
Mr. Boutros Boutros-Ghali
Secretary-General
United Nations
New York, N.Y. 10017

CHAPTER I

GENERAL

A. Terms of reference

1. At its 1690th meeting, on 19 December 1991, the Trusteeship Council adopted resolution 2194 (S-XXI), by which it decided to dispatch a visiting mission to Palau, Trust Territory of the Pacific Islands, in March 1992, for approximately two weeks to observe current conditions in the Territory. The Council further decided that the Mission should be composed of four members of the Trusteeship Council, namely, China, France, the Russian Federation and the United Kingdom of Great Britain and Northern Ireland and two representatives of countries of the region that were not members of the Council.

2. By the same resolution, the Trusteeship Council directed the Visiting Mission to obtain firsthand information concerning political, economic and social developments in Palau. The Council also directed the Mission to receive petitions, without prejudice to its action, in accordance with the rules of procedure of the Trusteeship Council, and to examine on the spot such of the petitions as, in its opinion, warranted special attention. Finally, the Council requested the Mission to submit to the Council as soon as practicable a report on its visit containing its findings, with such observations, conclusions and recommendations as it might wish to make.

B. Composition

3. The Visiting Mission was composed of the following members:

H.E. Mr. Thomas L. Richardson (United Kingdom of Great Britain and Northern Ireland) (Chairman)

Mr. Wang Guangya (China)

Mr. Jean Felix-Paganon (France)

Mr. Valentin N. Berezovsky (Russian Federation)

H.E. Mr. Jesse B. Marehalau (Federated States of Micronesia)

H.E. Mr. Renagi Renagi Lohia (Papua New Guinea)

4. The Mission was accompanied by the following members of the United Nations Secretariat:

Mr. Wilfrid De Souza, Principal Secretary

Mr. José M. da Silva Campino, Political Affairs Officer

Mrs. Helena Maria Lim, Associate Political Affairs Officer

Mrs. Maria Pilar L. de Guzman, Secretary and Administrative Officer

5. The Mission benefited greatly from the presence in Palau of Ms. Stella Guerra, Assistant Secretary of the United States Department of the Interior and Special Adviser to the Administering Authority; Ambassador Shirin Tahir-Kheli, Alternate Representative for Special Political Affairs, United States Mission to the United Nations; Mr. John Becker, Director, United States Department of State, and Adviser to the United States delegation to the Trusteeship Council; Mr. Larry Morgan, Director, Legislative and Public Affairs, Office of Territorial and International Affairs (OTIA), United States Department of the Interior; Mr. Stephen D. Sanders, Staff Assistant, OTIA, United States Department of the Interior; and Mr. Bill Stinnet, Law Enforcement Coordinator, OTIA, United States Department of the Interior.

C. Itinerary

6. The Mission left New York for Palau on 23 March 1992. It began its visit at Koror, Palau, on 25 March and ended it on 1 April (see annex I to the present report).

7. In the course of its visit to Palau, the Mission received a number of written communications, which were taken into account in the preparation of its report. The texts of these communications are filed and available for inspection in the United Nations Secretariat. A list of the communications appears in annex III to the present report.

CHAPTER II

INTRODUCTION

A. Background

1. Land

8. Palau is located in the Western Caroline Islands, approximately 528 nautical miles east of the Philippines and 4,449 nautical miles south-west of Hawaii. It consists of a main group of islands known as the Palau group and four small coral islands scattered between the Palau group and the north-eastern islands of Indonesia. Only eight of the islands are permanently inhabited. The total land area of Palau is 492 square kilometres and consists mainly of the island of Babelthuap (404 square kilometres), the largest in the Territory. The capital is located on the island of Koror.

2. History

9. Anthropological evidence indicates that the present Micronesian population of Palau probably originated in south-west Asia. Carbon dating has established that some islands of Palau were already settled around 1000 B.C. At the time of European contact, most Palauans lived in inland villages, which were often associated in regional alliances. The social system was complex and highly organized.

10. The first recorded contact of the Western world with Palau was in 1783. Late in the nineteenth century, Spain extended its administration domain in Micronesia to the Caroline Islands, including Palau. In 1898, at the end of the Spanish-American War, Spain sold most of its Micronesian possessions to Germany, which ruled them until 1914, when Japanese naval squadrons took possession of the Islands.

11. In 1920, the League of Nations placed the Carolines, the Marshalls and the Northern Marianas under Japanese mandate, which lasted until United States armed forces occupied the Territory in 1944.

12. In 1946, the United States agreed to place the Territory of the Pacific Islands under the International Trusteeship System established under the Charter of the United Nations. On 18 July 1947, the Trusteeship Agreement for the Trust Territory of the Pacific Islands, 1/ which had been approved on 2 April 1947 by the Security Council of the United Nations in accordance with Article 83 of the Charter, came into force following its approval by the Congress of the United States.

3. People

13. The people of Palau comprise a composite of physical types, which reflects the long history of the islands. The ethnic types and blends of Palau include Polynesians, Malayans, Melanesians and, in recent times, Japanese. The population of Palau is estimated at approximately 16,000. The local language is Palauan.

B. Constitution and system of government

1. Background

14. By resolution No. 75 (1)-2 of 28 April 1975 (see T/COM.10/L.155), the Palau District Legislature created the Palau Political Status Commission to conduct such studies, as it might deem necessary, concerning the future political status of Palau and its relations with the rest of Micronesia and the United States or other nations.

15. In a referendum held on 12 July 1978, the majority of voters in Palau rejected the draft constitution of the Federated States of Micronesia. 2/ At its fifth special session in August 1978, the sixth Palau Legislature therefore passed an act calling for a constitutional convention to draft a constitution for Palau.

16. The Convention concluded its task on 2 April 1979. The provisions of the draft constitution were summarized in the report of the Visiting Mission to Observe the Referendum in Palau, Trust Territory of the Pacific Islands, 1979. 3/ The draft constitution was subsequently approved by 92 per cent of the vote in the referendum held on 9 July 1979 and confirmed, in another referendum, on 9 July 1980. The main provisions of the Constitution of Palau are summarized below: 4/

(a) Territory. Palau has jurisdiction and sovereignty over its territory, consisting of small islands of the Palauan archipelago, the internal waters and the territorial waters;

(b) Executive power. Executive power is vested in a President and Vice-President elected in nation-wide elections for a term of four years and not more than two consecutive terms. The Vice-President serves as an ex officio member of the Cabinet;

(c) Legislative power. Legislative power is vested in the Olbiil Era Kelulau (OEK) (National Congress of Palau), consisting of a House of Delegates and a Senate, the members of which are elected for a term of four years;

(d) Judicial power. Judicial power is vested in a Supreme Court, a National Court and such inferior courts of limited jurisdiction, as may be established by law.

2. Future political status

17. Negotiations on the future political status of the Trust Territory of the Pacific Islands began in 1969. The eventual outcome as regards Palau was the Compact of Free Association and its subsidiary agreements, which were signed by the representatives of the Governments of the Administering Authority and Palau on 26 August 1982. This package of agreements was designed to serve as the framework for future relations between the United States and Palau. A number of additional amendments were agreed upon in January 1986.

18. A summary of the proposed Compact of Free Association and of the January 1986 amendments is contained in the reports of the United Nations

Visiting Missions of February 1983 5/ and February 1986, 6/ respectively. The following is a brief account of the referendums on the Compact held in Palau since 1982.

19. In 1983, referendums were held in the Federated States of Micronesia, 7/ the Marshall Islands 8/ and Palau, 5/ three entities of the Trust Territory, on similar compacts of free association with the United States. The Federated States of Micronesia and the Marshall Islands voted to accept their compacts.

20. In Palau, however, where the Constitution forbids the introduction of radioactive or nuclear materials unless such an act is approved by 75 per cent of the voters, some 61.4 per cent of the electorate supported the Compact in the February 1983 referendum, while, in a subsidiary question on the ballot, only 51.3 per cent approved the introduction of radioactive or nuclear materials.

21. Several court cases followed. The Palau Supreme Court eventually ruled that "the Compact of Free Association and its integral and subsidiary parts that include the Harmful Substances Agreement were disapproved by the people of the Republic of Palau in the 10 February 1983 referendum and plebiscite". Another referendum on a revised Compact was held in September 1984 in which the Compact received 66 per cent of the vote.

22. In a subsequent referendum in February 1986, 6/ the Compact with some further revisions received support from 72 per cent of the voters. Two more referendums were held in December 1986 9/ and June 1987, 10/ in which the Compact received support from 65.97 per cent and 67.59 per cent of the voters, respectively. Thus, on each occasion the Compact failed to obtain the necessary 75 per cent voter approval.

23. In July 1987, under the circumstances described below, the National Congress of Palau passed Public Law No. 2-30 (RPPL 2-30) 11/ which was signed into law by the late President Lazarus E. Salii on 19 July 1987. The purpose of the law was to authorize a referendum that would amend the Constitution in order to allow, in a subsequent referendum, the Compact to be approved by a simple majority.

24. In a referendum held on 4 August 1987, the constitutional amendment received the necessary majority for approval. A few weeks later, in a United Nations-supervised referendum held on 21 August, 12/ the Compact was submitted for the sixth time for the approval of the people of Palau, this time under the provisions of the new law. The result of that referendum as announced by the President on 29 August 1987, in Proclamation No. 41-87, 13/ was 73.04 per cent in favour and 26.96 per cent against. Under the Constitution, as amended by the referendum of 4 August, the Compact was thus adopted.

25. In a lawsuit challenging the legality of the two referendums held in August 1987, however, the Supreme Court of Palau, on 22 April 1988, ruled that the referendum of 4 August 1987 to amend Palau's Constitution was null and void, and that the referendum, held on 21 August 1987, on the question of approval or disapproval of the "Compact of Free Association between the United States of America and the Republic of Palau" had accordingly failed to achieve ratification of the Compact because the "yes" votes were less than the 75 per cent majority required by articles II and XIII of the Constitution.

26. On 29 August 1988, the Appellate Division of the Palau Supreme Court upheld the effect of the above ruling by declaring that:

> "the process by which RPPL 2-30 was passed in OEK did not comport with the requirements of article XIV, paragraph 1 (c), [of the Constitution of Palau] since neither House achieved the 75 per cent majority of the membership required ... that RPPL 2-30 was and is null and void and that, therefore, the 4 August referendum was a nullity and that the 21 August referendum, failing to achieve the required 75 per cent majority, did not result in vote ratification of the Compact of Free Association by the people of Palau."

27. In the last referendum - the seventh - held on 6 February 1990, the Compact once again failed to obtain the necessary 75 per cent of the vote required by the Palauan Constitution. Out of a total of 7,621 valid votes cast, 60.8 per cent were in favour, and 39.2 per cent were against. 14/

28. On 22 December 1990, the Security Council considered the status of the Trust Territory of the Pacific Islands and adopted, by a vote of 14 in favour to 1 against, resolution 683 (1990). By that resolution, the Council determined, inter alia, that in the light of the entry into force of the new status agreements for the Federated States of Micronesia, the Marshall Islands and the Northern Mariana Islands, the objectives of the Trusteeship Agreement had been fully attained with respect to these three entities and that therefore the applicability of the Trusteeship Agreement to them had been terminated.

29. Palau, therefore, remains the only entity under the 1947 Trusteeship Agreement. In this connection, the Special Adviser to the United States, at the fifty-eighth session of the Trusteeship Council in May 1991, noted that Palau had taken no concrete steps in the past year with regard to its future political status. She added that, as far as the United States was concerned, the Compact of Free Association remained available if Palau decided to accept it. However, her Government was also willing to consider independence as an alternative (T/PV.1683).

3. Other recent developments

30. In a press release issued on 11 March 1992, the Office of the President of Palau announced that Mr. Ngiratkel Etpison would be a candidate for re-election as President of Palau. The communiqué called for unity among all national and state leaders as the key to resolve the status issue and economic development for Palau. Leadership unity, it said, might break up "if the candidates are not careful to distinguish their individual motives from the political and economic goals of the Government and the nation".

31. A press release, issued by the Office of the Vice-President on 9 March 1992, announced that the Vice-President and Minister of Justice, Mr. Kuniwo Nakamura, had formally declared his candidacy for the Office of the President of the Republic of Palau. The document indicated that "one very important factor in his decision was the petition, signed by approximately 5,000 Palauan citizens (all eligible voters), urging Vice-President Nakamura to run for the presidency for the good of the country".

32. General and presidential elections are scheduled for November 1992.

CHAPTER III

DETAILED OBSERVATIONS ON THE POLITICAL, ECONOMIC, SOCIAL AND EDUCATIONAL ADVANCEMENT OF PALAU

A. Political advancement

33. In accordance with past practice, the first item on the agenda of the Mission was a courtesy call on the President of Palau, followed by a working session. The President, whom the Mission met on 26 March, stated that resolving the question of the future political status of the Territory remained a matter of high priority for his Government and the people of Palau. He informed the Mission that discussions were in progress with the United States Government on possible modifications to the current version of the Compact and a constitutional amendment that would allow the approval of the Compact by a simple majority. In this connection, his Government had written to the Administering Authority in October 1991 to recommend the following three areas for United States consideration as possible modifications to the present Compact of Free Association:

(a) The nuclear provision could be separated from the Compact itself and set aside for discussion at a later stage, thereby lessening the Compact approval requirement from 75 per cent to a simple majority vote;

(b) In view of the new international climate, the United States might wish to reassess its operating rights and military land requirements by either foregoing them altogether or limiting them to those lands duly designated as exclusive use sites;

(c) The United States might consider the Government's request for a reduction of the term of the Compact of Free Association from its current 50 years to 15 years.

34. The President informed the Mission that, as at 26 March, only the first of the above three suggestions had received an answer. The United States Government had responded that it was unable to accept that proposal since the nuclear clause, in its view, was an integral part of the Compact. The President further stated that two bills, initiated in accordance with the relevant provisions of Palau's Constitution, were pending before the House of Delegates and the Senate of the Territory. If enacted, the bills would authorize the holding of a referendum to amend the Constitution so that the Compact could be approved by a simple majority vote.

35. The President added, however, that the National Congress of Palau would not take action on the bills until the United States had responded to all the proposals contained in his communication of October 1991. Should Palau have no alternative but to amend the Constitution, a referendum to that end could take place any time, subject to the relevant provisions of the Constitution. If the amendment was adopted, another referendum to approve the Compact would follow. The President further indicated that it was the intention of his Government to hold both referendums before the next general elections.

36. According to a "joint statement of Palau leadership" issued on 26 March 1992 under the signatures of the President of Palau, the Speaker of the House of Delegates and the President of the Senate, congressional action on the bills calling for an amendment to the Constitution was "contingent upon the United States' favourable consideration of the Republic's suggested Compact modifications which were designed to render the Compact of Free Association more readily acceptable to a greater majority of voters than in the previous seven Compact plebiscites ...". The same document further noted that "the United States and Palau have not bilaterally exhausted all avenues available for resolving the existing impasse and amending our Constitution at this stage would be premature ...". The signatories of the statement concluded their remarks on the future status of Palau by asking "the Mission to urge the Administering Authority to embark with Palau on the path toward reaching mutually acceptable and equitable solutions to our political status. Because then and only then can we fully realize our standing aspiration to terminate the Trusteeship Agreement in favour of a politically viable status of free association between a former ward and its previous mentor".

37. According to the Vice-President of Palau, the majority of Palauans still considered that the Compact of Free Association offered the best solution for their future political status. In order to resolve the current impasse and to clear the way for the adoption of the Compact, several options might be considered:

(a) The Compact could be ratified in its present form, after amending the Constitution;

(b) The Compact could be modified in one of the ways suggested in the October 1991 communication from the Government of Palau to the United States. Then, following the adoption of a constitutional amendment to lower the 75 per cent requirement, the Compact could be approved by a simple majority;

(c) The nuclear clause could be removed from the Compact which afterwards would only need a simple majority to enter into force.

38. While the Vice-President agreed that the question of Palau's future political status should be resolved as soon as possible, he believed it might be prudent to postpone the final decision until the forthcoming general elections had taken place. The year 1992 being an election year, issues were indeed often politicized. In addition, the list of pending questions was long enough to justify such a delay. It was obvious, he said, that some of the provisions of the Compact had become obsolete. Given the new international context, the public was likely to demand that some modifications be made to the Compact in order to facilitate its adoption. The Vice-President expressed the hope that the United States would agree to reconsider its decision to reject Palau's suggestion that the nuclear provision should be made a separate issue. That would be the best way to resolve the current impasse. Referring to the suggestion made by a representative of the Administering Authority at the fifty-eighth session of the Trusteeship Council that the United States Government was prepared to consider full independence as a possible alternative, Mr. Nakamura said that the majority of the people, including the leadership of Palau, would not favour such an option. He hoped that the question of the future political status would be solved within 24 months.

39. At a meeting with the governors of the states of Palau, several speakers criticized the United States for excessive control over the internal affairs of Palau and for its refusal to entertain any modifications on the Compact. Referring to the question of the future political status of the Territory, some governors stated that the current state of affairs could not go on indefinitely. In their view, it was obvious that the people did not want the Compact in its present form and that was why Palau had asked for modifications. In view of the present impasse, the United Nations should "step in, set an irrevocable date for termination of the Trusteeship and pressure the United States to accommodate Palau's proposed modifications of the Compact".

40. At a meeting with a number of senators and delegates of OEK, several speakers emphasized the need to resolve as soon as possible the current impasse regarding the question of the future status of Palau. The people of Palau, they said, would like the Trusteeship Council to play a more active role in the search for a solution to the problem of their future political status. They considered as legitimate Palau's request for modifications in the Compact since some of the provisions were outdated. Without those modifications, the current impasse over the political status question might continue as, under those circumstances, it would be difficult for Palau to initiate a constitutional amendment to lower the 75 per cent requirement to a simple majority vote for the approval of the Compact. The Mission was also told that the provision in the Compact that gave the United States the power and authority to take any land for defence purposes within 60 days of notification was neither realistic nor practicable. With regard to political education, the Mission was told that, while most people in Koror were well informed about political developments, such might not be the case in the other states. It was noted in that regard that impartial political education had never been conducted in Palau. It was therefore suggested that the United Nations or any other independent group be invited to conduct political education on the Compact.

41. At a meeting with government ministers, the Minister for State confirmed that there were currently two legislation projects pending before OEK aimed at lowering the 75 per cent requirement for the approval of the Compact to a simple majority vote. He added that there was enough support among Palauans to obtain a constitutional amendment and that once that was achieved, the Compact would be put before the people and would require only a simple majority to be approved. Concerning the time-frame for the exercise, he said that the amendment process could take place within months and that the Compact referendum would be scheduled for early summer 1992.

42. The Mission visited several states on eastern and western Babelthuap, the main island, as well as the island states of Peleliu and Angaur. The programme in each state visited included meetings with community leaders and the general public and, in some instances, visits to economic and social development sites. Although most of the concerns expressed at those meetings were related to the economic and social conditions prevailing in those states, the Mission noted that political issues were often raised, particularly the question of the future political status of the Territory. Community leaders, as well as the general public, were anxious to know what would be the next step towards a final solution of the question of the future political status for the Territory. Some seemed to fear that the Trusteeship Council or the

United States Government might decide unilaterally to terminate the Trusteeship status as Palau thus far had failed to approve the Compact of Free Association with the United States. Others wanted to know what would happen if another referendum on the Compact turned out to be, once again, unsuccessful. Despite assurances given by the Mission that the Administering Authority, as it had repeatedly indicated to the Trusteeship Council, would continue to fulfil its obligations under the Charter of the United Nations and the Trusteeship Agreement until a mutually acceptable agreement had been reached on the future status of the Territory, some feeling of scepticism could still be perceived. The Mission did suggest, whenever appropriate, that every effort should be made by all concerned to arrive at a solution as soon as possible, since the current impasse could not be prolonged indefinitely. On the whole, the Mission was able to note that the concern expressed by some OEK members that Palauans in the remote states might not be as aware of political developments as those living in Koror was not fully justified. It was, however, noticeable that many of those who spoke at the meetings favoured ratification of the Compact in its present form.

43. On 30 March, the Mission met with community leaders and the general public in Koror, where it heard a wide range of views on the future political status and received several communications on the same subject. The Mission was impressed by the high degree of political awareness displayed by those who participated in the debates. Several speakers representing political activist groups well known in the political arena in Koror State voiced their opposition to a constitutional amendment, suggesting that it was the Compact and not the Constitution that should be modified in order to resolve the current impasse. One of the main requests of those groups was that the Trusteeship Council should consider a moratorium on any referendum relating to the Compact of Free Association so as to allow "the healings of divisions created in the previous years to take place" and "to ensure a genuinely free choice in the process of political self-determination". The United Nations was also requested to play a more active role in the process that would lead to a solution to the problem of Palau's future political status.

44. Upon the Mission's return to New York, the United States authorities apprised it of the contents of the Administration's reply of 7 April 1992 to the letter of the Palauan leadership of 4 October 1991. With respect to the two other main questions posed in that letter, the Administering Authority reiterated its belief that a military presence in Palau was highly unlikely to be required in future, but promised full prior consultations with the Government of Palau both through the existing mechanisms provided for under the Compact and through the establishment of a joint consultative mechanism to address defence issues, similar to those already in place with the Federated States of Micronesia and the Marshall Islands. It further noted that if the duration of the Compact were shortened, then the trust fund for long-term development would have to be proportionately reduced, and that new funding for the Compact would require offering reductions elsewhere in the United States budget under the 1990 Budget Enforcement Act, to which there would be strong domestic opposition. The Administering Authority concluded by noting three possibilities for Palau's future political status (the existing Compact, independence and a renegotiated, modified Compact) and by recording the full support of the United States for the current Compact of Free Association.

B. Secretary's Order 3142

45. At the first meeting with President Etpison on 26 March 1992, the President told the Mission that Secretary's Order 3142 was hindering the economic development of Palau by imposing restrictions on external assistance, at a time when the Territory needed most to look for such an assistance to improve self-reliance in preparation for the new responsibilities that would result from the resolution of the question of its future political status.

46. Following an announcement made in May 1990 by the United States Department of the Interior that it would open an office in Palau and review the administrative structure of the Administering Authority as it pertained to the Trust Territory, Secretary's Order 3142 was issued by that Department on 15 October of the same year. The Order, inter alia, provides for the appointment of "a well qualified and experienced representative to be stationed in Palau who will serve as a liaison between the Government of Palau and the Assistant Secretary [of the Interior]".

47. Speaking on behalf of the President of the Senate of Palau, the Speaker of the House of Delegates and himself, the President of Palau stated at the opening meeting of the fifty-eighth session of the Trusteeship Council, on 3 May 1991, that his Government welcomed the increased physical presence of the Department of the Interior in Palau, but only in an advisory role, to provide expertise in the areas of budget, finance and public safety. Secretary's Order 3142, he added, usurped existing governmental powers and was a step backwards in Palau's progressive path towards eventual self-government in a freely chosen political status (T/PV.1683).

48. The issue of Secretary's Order 3142 was raised at almost all the meetings the Mission had with Palauan officials, be it the President, as reported above, state governors, OEK members, government ministers or community leaders. It was also one of the main concerns raised in the joint statement issued by the leadership of Palau on the occasion of the Visiting Mission, as well as in a number of communications and petitions that the Mission received during its stay in Palau. In almost every case, Secretary's Order 3142 was referred to as a major impediment to the economic development of the Territory because of the restrictions that, in the view of Palau's leadership, it imposed on the Territory's ability to borrow money from outside sources or to enter into business agreement with foreign partners. Furthermore, the Order was criticized for what those concerned considered a paralysing interference in the management of the budget at both the national and state levels.

49. The Mission assured its Palauan interlocutors that it would seek clarification from the representatives of the Administering Authority on those allegations, which it did on two occasions while still in Palau. In two working sessions held on 27 and 29 March, respectively, the first of which was attended by the Assistant Secretary of the Interior, the Mission reviewed with the Administering Authority the issues raised at its meetings with government officials regarding the impact of Secretary's Order 3142 on the economy of the Territory.

50. The United States representatives reiterated the explanation they had also given to the Trusteeship Council at its fifty-eighth session regarding the situation that led their Government to take the measures contained in

Secretary's Order 3142. They pointed out that Palau had reached a stage where it could no longer pay its debt and that, as a result, a number of law suits had been initiated by creditors seeking to put a lien on the financial assistance provided to the Territory by the United States. In addition, as far as the budget was concerned, the Administering Authority was not convinced that the funds it provided were used in the appropriate manner. Furthermore, OEK had consistently appropriated sums of money in excess of revenue. For instance, pay raises were given in December 1989 to government officials without a source of revenue. Eventually, the Administering Authority had to stop the implementation of that decision. The Government of Palau had often used budgetary appropriations for the payment of past debt and not for the purpose for which they were earmarked. The purpose of the provision of Secretary's Order 3142 regarding funds availability analysis was to ascertain that appropriations would be made only when funds were available.

51. With regard to the national Master Plan provided for under section 6 of Secretary's Order 3142, which the Palauan leadership had often described as an obstacle to the current development needs of the Territory, the Mission was told that it was the Government of Palau that had requested that the Administering Authority assist the Territory in drafting such a Plan. Furthermore, according to the representatives of the Administering Authority, it was not correct to affirm that all development projects had been put on hold pending the completion of the Master Plan. Although the Plan was still on the drawing board, the Administering Authority remained ready to consider development projects and would have no objection to their execution so long as it could be convinced that such projects would truly contribute to the economic and social progress of the Territory.

52. With respect to the provision of section 7 of Secretary's Order 3142, which required that any debt instrument of $250,000 or more be submitted to the Assistant Secretary in advance of receipt of any funds, the representatives of the Administering Authority specified that $250,000 was not a ceiling but the limit that would trigger the review process by the Department of the Interior. The reason for such provision was to protect the Palauan people from dishonest businessmen. It was also pointed out that that provision of the Secretary's Order did not apply to private loans unless they were guaranteed by the Palauan Government. The representatives of the Administering Authority also clarified that Palau was not barred from receiving grants from other external sources and that the relevant provisions in Secretary's Order 3142 were only a monitoring mechanism.

53. After the Mission returned to New York, the Administering Authority provided additional clarification on questions put forward by members of the Mission regarding two major issues:

(a) As to whether Palau had discretionary control over revenue generated from domestic sources, the response was as follows:

> "In the 1980s, Palau consistently appropriated more funds than available. The excess became prior-year debts that had to be paid with current-year funds. Payments on prior-year debts often precluded the Government from purchasing necessities like medicine and books in the current year when they were needed. The concept of self-government suffered.

"Secretary's Order 3142 requires a funds availability analysis and statement to determine how much money the Government will have to spend. The analysis includes both federal and local funds. If the analysis and statement are insufficient to support the appropriation, line-item amounts are suspended. In the past when suspension was necessary, the Palau leadership declined to exercise self-government by refusing to establish priorities for suspension. The Assistant Secretary, thereafter, chose suspension of small construction projects as being the least disruptive course of action.

"From the inception of Secretary's Order 3142, the Department of the Interior intended that Palau earmark all funds, both federal and local. The Department, however, earmarked the 1991 Interior Grant for Palau operations in order (1) to provide sufficient funds for United States Trusteeship obligations (education, health and public safety); and (2) to avoid confusion that would have resulted from the simultaneous implementation of the Secretary's Order, the latest United States congressional appropriation and the Palau budget process. The Palau Olbiil Era Kelulau (OEK) had full discretion over the local funds that were available and appropriated them.

"As intended by the Department, Palau earmarked both the federal and local funds for fiscal year 1992. This Palau earmarking maintained a demarcation between the federal and local categories. The demarcation is essential for maintaining accountability and establishing the effectiveness of federal funding of United States trusteeship obligations, e.g., education, health and public safety.

"As long as the funds are available, Palau has and has had discretionary control over the spending of local revenue. The problem has been that the Government tried to spend what it did not have. This forced suspension of appropriation items.

"The problem has a two step solution. Suspension will be much less likely when (1) Palau prepares a funds availability analysis and statement in advance of appropriations, and (2) Palau proposes a rational way of handling its prior-year debts, e.g., a consolidation loan. Palau officials have stated that they plan to take such action. This action should allow increased latitude for the Government of Palau to determine spending priorities in the future."

(b) Regarding whether United States funds for Palau were completely earmarked or if there was some flexibility as to how the money could be apportioned, the Administering Authority provided the following answer:

"Because of time constraints and a desire to avoid a closure of the Palau Government, the fiscal year 1991 Department of the Interior operations grant for Palau was fully earmarked by the Department of the Interior. Implementing our intention to increase self-government, the fiscal year 1992 Interior operations grant was fully earmarked by the Government of Palau."

C. Economic advancement

54. The President of Palau told the Mission that, during the Trusteeship years, the people of Palau had learnt how to govern themselves and that their experience had been most valuable. Political independence would be meaningless without economic independence. Although advancement in the educational and social fields was apparent, the economic development of the country was lagging behind. The United States should increase its economic assistance to all parts of the country. Until the present time, the only state that had benefited from United States aid had been Koror. In most regions of the country, infrastructure had not been developed. Secretary's Order 3142 had been hindering the development of Palau since it prohibited local businesses from borrowing from foreign banks without the approval of the United States Government and prevented Palau from soliciting or inviting foreign investors to the country. Another stumbling block to economic development was the application of United States legislation on the environment. While such laws might be suitable for the United States where climatic, economic and social conditions were different, their extension to Palau, a tropical underdeveloped country in the Pacific Ocean, might not be appropriate.

55. The President told the Mission that a lot remained to be done before the Territory could reach the stage of self-reliance. The efforts of the Government focused on two sectors that had so far been the most promising: tourism and the fishing industry. The tourism industry, he said, was expanding and could grow faster if adequate infrastructure had been available. Among the priorities was the construction of an airport that could accommodate larger planes; existing airport facilities did not meet the requirements of a large-scale tourist industry. A new airport could be financed by foreign investors, but Palau was unable to take advantage of such sources of financing because of the restrictions imposed by Secretary's Order 3142. The lack of an adequate road system and power lines in certain areas of interest to foreign investors was an additional obstacle. The President assured the Mission that his Government was aware of the risks that an expansion of the tourist industry might entail in terms of damage to the environment and was prepared to take all necessary measures to prevent such damage.

56. The President mentioned the fishing industry as being the second largest source of income for Palau, with most revenues deriving from the issuance of fishing licences. As regards agriculture, the President pointed out that the islands of Palau were small in size and, therefore, unable to support a large-scale farming industry. According to the joint statement issued by the leadership of Palau on the occasion of the Mission's visit, many Palauan farmers, with the assistance of skilled foreign manpower, had started vegetable gardening on a commercial scale and their produce was being sold for local consumption.

57. The President also indicated that additional revenue could be generated by taking advantage of Palau's strategic location to make the Territory a shipping point for the western Pacific. He concluded his remarks on the economic situation by reiterating his view that Palau should diversify its sources of revenue so as not to depend solely on the financial resources to be provided under the Compact of Free Association.

58. According to the Vice-President of Palau, the tourist industry offered the greatest potential for the future economic development of the Territory. The Mission was told that salaries offered in the tourist industry, as well as in other parts of the private sector, were not competitive enough to attract Palauan professionals and skilled workers who often preferred to migrate to Saipan, Guam and even the United States, where better remuneration conditions were available. As a result, Palau had to resort to the recruitment of foreigners, particularly from the Philippines, to meet the needs of the private sector.

59. At a meeting with the state governors, the Mission was told that all of Palau's 16 state governments had been operating as self-governing entities, including in the economic field, until 1990 when the Department of the Interior, by Secretary's Order 3142, "ordered the state governments not to enter into contract, do any project or business, borrow money, contact any non-Palauan entity, or appropriate money without the approval of the Interior Assistant Secretary". The governors further complained that the Order interfered with State budgetary matters. In the past two fiscal years, they said, the Department of the Interior, through its new powers under the Order, had suspended or reduced special grants to the states for capital improvement projects, including those for roads, the water system, electricity and sanitation, although the source for those grants from the national Government was local revenues and not the annual grant that the Department of the Interior provided to the national Government.

60. The governors also expressed dissatisfaction at the fact that the Master Plan, provided for in Secretary's Order 3142 to serve as a framework for the future economic development of Palau, had still not been completed. Meanwhile, they said, important development projects had been put on hold pending the completion of the Plan. Also deplored was the absence of a national north-south road on the main island, and the fact that Palau still had no adequate airport to meet its present and immediate needs.

61. The need for Palau to become economically self-reliant was stressed at both of the Mission's meetings with OEK members. Once again, restrictions imposed by Secretary's Order 3142 were cited as serious obstacles to Palau's efforts to achieve that objective. The Mission was told that, in the past two fiscal years, the Department of the Interior had thwarted Palau's efforts to set aside funds for capital improvements. More specifically, the Department of the Interior had for two years suspended the Territory's efforts to use its limited financial resources to improve the situation in Babelthuap. As a result, all the funds were going to the national Government for payroll and national expenses while Babelthuap and capital improvement projects were at standstill. The Mission was further told that potential investors had expressed serious interest in developing Babelthuap but had been turned away by the lack of electrical power and infrastructure necessary for development.

62. It was also pointed out that, although the Department of the Interior had a local representative in Palau, it had not been possible to resolve matters on a local level. Despite Palau's working relationship and understanding with the representative of the Department of the Interior, it appeared that major decisions were being made in Washington which, often, caused considerable delay.

63. The Mission met with tourism officials from both the government and the private sectors and had an extensive exchange of views with them on the current and future development of the tourist industry in Palau. The Mission held discussions, in particular, with the Chairman of the Palau Visitors Authority (PVA), an institution established almost 10 years ago by the Government of Palau to promote Palau as a tourist destination. The Chairman stated in his 1989/90 report that a marked increase in funding, together with the creation of tourism committees in both the House and Senate of the National Congress of Palau, had enabled PVA to pursue its goals on a more competitive basis (since 1989, 70 per cent of all airport departure tax revenues had been allocated directly to PVA). According to the Chairman, PVA, through its active membership in regional and international tourism associations, had greatly enhanced Palau's position as a popular Pacific island resort.

64. Information provided by PVA confirmed that tourism remained the most promising sector for Palau's economic development. A total of 32,846 visitors had entered Palau in 1990, an increase of 26 per cent over 1989 figures. Statistics covering the period from 1980 to 1990, indicate that visitor arrivals showed an average growth rate of 20 per cent per year since 1985. However, the most recent figures indicate a slight decrease for the year 1991 (32,700 visitors). Palau's major overseas market source remained Japan (40 per cent of visitors) followed by the United States (20 per cent). Information provided by PVA indicated that efforts were under way to explore the market in Australia, which in 1990 accounted for 5 per cent of all visitors to Palau. With regard to tourism support services and facilities, the Mission was informed that Palau had a total of 388 motel, hotel and guest rooms and that, as of 1990, the tourist industry employed over 600 people, 80 per cent of whom were Palauans.

65. During its visit to the States in Babelthuap, Peleliu and Angaur, the Mission heard a variety of views on each local economic situation. A significant number of governors, community leaders and individuals expressed dissatisfaction at the slow pace of economic and social progress achieved in their states and villages. Problems often mentioned included the lack of adequate infrastructure (roads, power lines, water and sewerage systems), the scarcity of financial resources for capital improvement projects and migration of the work force to Koror resulting in the depopulation of their areas. As in 1989, concern was repeatedly expressed that development activities were concentrated in Koror, the national capital, and that areas outside the centre did not benefit from resources allocated by the Administering Authority for economic development. Once again, the United Nations was asked to help persuade the United States to give the other regions more economic assistance.

66. For example, the Mission was told that, in one of the states, the inhabitants had electricity only 12 hours a day, which was provided by a small 20-year-old 205 kilovolt ampere generator; that water was available only 6 hours a day and testing had indicated that the water was highly contaminated and unhealthy; and that there was no sewerage facilities, which undoubtedly contributed to the water contamination. The Mission's attention was also drawn to the fact that that state did not have a single nurse available. The governor of another state said that the villages of that state had electricity only four hours a day which was produced by small generators bought with their own resources or donated to them, while they could have used the electricity

generated by the power plant in nearby Aimeliik State had the necessary poles and transmission lines been installed. Community leaders in one of the states told the Mission that, owing to the malfunctioning of the ice-making machine, the fish caught could not be conserved locally and had to be transported daily to Koror.

67. In several states, the Mission was told that the Department of the Interior had suspended or reduced the modest amounts of funds allocated to them in the 1991 and 1992 budgets for capital improvement projects and that, as a result, they had had to stop several local projects. The Mission was also told that the procedure of prior approval of spending established under Secretary's Order 3142 was causing unnecessary delays in the execution of small-scale infrastructure projects. Furthermore, several local projects had to be put on hold pending the completion of the national Master Plan.

68. Like their predecessors on the 1989 Visiting Mission, the Mission members toured the high standard roads constructed a few years ago on the initiative of the local governments in the states of Ngiwal, Melekeok and Ngeremlengui. The Mission was told that no progress had been made regarding the question of payment for those roads since 1989. The situation was the same as regards the International Power Systems Engineering Company (IPSECO) power plant at Aimeliik, which the Mission toured briefly during its visit to the states on Babelthuap. The Mission noted in this connection that section 5 of Secretary's Order 3142 provides, inter alia, that "payments made to satisfy obligations of the Government of Palau from past years shall be paid out of local Palau funds". The Order further states under section 7 that "the Assistant Secretary [of the Department of the Interior] shall consult with representatives of the Government of Palau regarding amortization of Palau's existing and potential long-term debt".

69. The Mission visited the harbour in Angaur which had been severely damaged in November 1990 by typhoon "Mike". The Mission was told by the governor of this state that negotiations were under way with the United States Army Corps of Engineers to rebuild parts of the harbour, particularly the sea wall. In order to allow better access to the facility, some dredging operations would also be carried out. Work was scheduled to begin in January 1993 and would last for approximately one year.

70. The Mission visited the Micronesian Mariculture Development Center (MMDC) and its giant clam hatchery, which is the first facility of its kind in the world. This Center was established in 1974 to protect and preserve the endangered marine life of Palau as well as to develop and promote mariculture technology. At that time, since little was known about the biology and the life history of giant clams, MMDC devoted almost one decade of research and experimentation before it perfected reliable methods of raising giant clams from larva to adulthood in a controlled setting. By 1984, MMDC was producing 100,000 viable seed clams per year, and currently, with expanded facilities, more than 1 million seed clams were produced annually and distributed in Palau and throughout the Pacific. During the visit, the Mission was told that in 1991 MMDC had revenues amounting to approximately $200,000 and that the operating costs were estimated at $125,000. The United States Department of the Interior, which in the past had provided considerable assistance to MMDC, has consequently decreased its financial aid to this institution. At present, it only funds the salaries of its two technicians.

71. Like their predecessors on the 1989 Visiting Mission, the Mission members visited the facilities of the Civil Action Team, now consisting of a 13-member Navy construction unit (reduced from 21 in 1989). As the 1989 Visiting Mission was told, the Navy Construction Unit (nicknamed the "Seabees") was entrusted with the implementation of a number of programmes recommended by the Palau Civil Action Coordinating Committee. These programmes included technical assistance in the training of Palauans in various fields of activities, the building and repairing of houses and of a wide range of infrastructure facilities. In this connection, the Mission was very impressed by the road construction work done by the Civil Action Team in the state of Ngeremlengui, the objective of which was to connect that state with Koror. Local authorities, who took the Mission on a tour of the section of the road already completed, praised the Team for having accomplished so much in just a few weeks.

72. The Mission met with community leaders and the general public in Koror. Although most of the concerns expressed at that meeting, as reported above, were political, a number of speakers stressed the need for Palau to reduce its economic and financial dependence on the Administering Authority. The United Nations was urged to persuade the United States to provide for a healthy economic base and self-reliance before any further plebiscite.

73. The Mission held several working sessions with the ministers and other officials of the Government, including one wrap-up meeting with the President and his immediate assistants. Those meetings provided the Mission with the opportunity to apprise officials of the Government of its findings and general impressions after its visit to the country and to conduct a general review of their concerns, particularly regarding the economic sector. The President told the Mission on that occasion that the two main issues currently facing Palau were the resolution of the political status question and the economic survival of Palau, after the question of its future political status had been resolved. Some United States federal programmes, he said, might be terminated when the Compact had been approved. He reiterated his request to the Mission to convey to the Administering Authority that Palau needed increased assistance in order to achieve more self-sufficiency. His Government resolved to review the priorities of the national budget in order to put more emphasis on economic development.

74. Concerns expressed by ministers and other Government officials who participated in the meetings were similar to those the Mission had heard throughout its visit. The Minister for Administration stated that, while Palau had made every effort to reduce its budget deficit, which now stood at $2 million compared with $6 million in the previous year, the Department of the Interior continued to apply severe reductions to the budget proposals of the Government; further budgetary cuts could have a serious impact on government programmes. She called for flexibility in the implementation of Secretary's Order 3142. Among the other major concerns expressed by various officials were the need for increased financial assistance for the funding of capital improvement projects; the dependence of Palau on foreign workers owing to the migration of skilled Palauans to Saipan and Guam where better salaries are offered; the potential social problems of a growing number of foreign workers in Palau; the need to obtain more assistance from the Administering Authority in order to develop Palau's two most promising sectors - tourism and fisheries; the need to streamline bureaucratic procedures that constituted an

obstacle to the launching of development projects; the need for the Administering Authority to assist Palau in the protection of its marine resources from poachers and, in that connection, the need to grant Palau authorization to work with other countries in the region in order to secure increased protection of these resources and to participate in revenue-generating regional schemes.

D. Social advancement

1. Health care

75. The Mission visited the McDonald Memorial Hospital and toured almost all the Departments of the facility from the Preventive Medicine Services to the mental health section. With regard to preventive medicine, the Mission was pleased to learn that, owing to a number of ongoing programmes, communicable diseases and some chronic diseases which had been leading causes of death were on the decline and in some cases had been completely eradicated. Such was the case, for instance, of hepatitis B, which was endemic in that area of the Pacific, and of hypertension and related cardiovascular diseases. The Mission was told in this connection that 90 per cent of the newborns were immunized against most communicable diseases, particularly hepatitis B, and that there was no recorded case of acquired immune deficiency syndrome (AIDS) or human immunodeficiency virus (HIV) infection in the Territory. The Mission was also told that there were dispensaries located strategically throughout the outlying areas of the Territory. (Though this did not appear to be the case in at least one state that the Mission visited.)

76. A shortage of qualified Palauan staff continues to be an acute problem. The Mission was told that the medical personnel, like their colleagues of other occupational groups, were attracted by the better remuneration conditions offered in Saipan, Guam or the United States. As all of them, including nurses, received their training outside the Territory, they often did not feel they had any obligation to return home after completing their studies. The Mission was told that in order to remedy the situation, at least as far as nurses were concerned, the Government was considering the possibility of opening facilities for the training of nurses in Palau, in the hope that trainees with strong family ties in the country would stay after the completion of their studies.

77. As far as doctors were concerned, Palau continued to resort to the services of outside physicians, most of them from Hawaii or the United States mainland, who visited the Territory regularly to perform duties in their respective specialties. For example, at the time the Mission visited the hospital, a surgeon from Hawaii, a specialist of kidney and urinary diseases, was performing a series of operations. The Mission was told that the majority of delicate emergency cases were now referred to hospitals in the Philippines instead of the United States because of the cheaper cost of health care there. Approximately 80 such cases had been referred to that country during the past 12 months.

78. The Mission noted with satisfaction that the hospital was still equipped with the most advanced machines for dialysis, which served both Palau and Yap (Federated States of Micronesia). The Mission was told that the equipment was rented from a private company which took care of the maintenance.

79. The Mission was told that the availability of medical supplies and drugs was still a serious problem. Shortages occurred often. The situation regarding the maintenance of equipment was no better, owing to the lack of funds.

80. The Mission noted, however, that some of the problems reported by the 1989 Mission had been solved. The maintenance of the buildings had generally improved. Conditions in the mental health facility, which were a matter of serious concern in the report of the previous Visiting Mission, had changed drastically. The facility had been renovated and now featured training programmes in handicraft skills for the patients. The Mission did not have the opportunity to visit the new hospital, which was near completion. According to government officials, the opening of that new facility had been scheduled for December 1992. There were fears that the opening might be delayed because of a dispute over ownership of the land on which the new hospital was built (see para. 94).

2. Law and order

81. The Chief Justice, who died after the Visiting Mission left the Territory, told the Mission that Palau was a very litigious society. As a consequence, virtually every major issue affecting the development of the country had come before the court for final resolution. On the average, 600 civil cases and 450 criminal cases were filed each year. The majority of civil cases involved land disputes. The cases being filed, either civil or criminal, were increasingly complex. Many involved foreign nationals caught fishing illegally in Palauan waters.

Drug and alcohol abuse

82. The problem of drug and alcohol abuse was raised on a number of occasions during the Mission's visit to several educational and health institutions. By and large, there was general acknowledgement that the use of hard drugs was on the decline. The late Chief Justice, for example, told the Mission that during 1991 only three hard drug cases had been filed before the court. He also believed that the severe difficulties regarding drug trafficking which Palau had experienced during the period 1985-1989 were unlikely to recur. However, the use of marijuana continued to be a source of concern, since that drug was widely available locally and many young people used it. Alcohol abuse was also common and one of the leading causes of violence.

Prison

83. The Mission visited the prison and noted that a number of the recommendations of the previous Visiting Mission in terms of maintenance had been taken into account, although more remained to be done. It was obvious that the facility had been painted at least once since 1989. The Mission was told that the United States Government had provided funds for the renovation and extension of the existing buildings and that construction work was scheduled to begin in June/July 1992.

84. The Mission learned that 68 prisoners, including 49 Indonesians, 1 Pakistani and 1 Filipino, were incarcerated there at the time the Mission

visited the prison. Three females were among the prisoners. The Mission noted that the facility was still very overcrowded owing to the large number of Indonesian inmates, all of whom were poachers caught in Palau's territorial waters. However, current conditions were generally better than those prevailing three years earlier. The Mission was told that seven uniformed police officers were assigned to the facility. Prison officials confirmed that the use of hard drugs was on the decline, while marijuana, which was grown locally, continued to be very much in demand, particularly among the young generation. They agreed, however, that alcohol abuse was by far the leading cause of violence and crimes.

E. Educational advancement

85. The Mission visited a number of public and private educational institutions: two elementary schools, one high school and one post-secondary vocational/technical institution. The visit generally included a complete guided tour of the school, preceded or followed by discussions and an exchange of views with the management staff on a wide range of issues, such as the objectives of the institution, its scope of activities, its staff, its achievements, programmes and financial situation.

86. Among the institutions visited was the Seventh Day Adventist Elementary School, a private school which catered for 230 students and employed a total of 16 staff, 4 of whom were Palauans. The Mission was told that the school operated on grants provided by the Government of Palau and a tuition fee ranging from $35 to $55 per month (depending on the grade) per student. Some 80 per cent of the students were Palauans. The number of students per classroom (18-20) was considered to be reasonable. The management informed the Mission that the school might have to raise the tuition fee in the near future because of increasing operating costs, particularly the cost of electricity, which could be as high as $4,000 for a period of two and a half months.

87. The Mission visited Koror Elementary School, the largest public elementary school in the Territory. The principal told the Mission that, as at 27 March, the school had a total enrolment of 682 students (368 boys and 314 girls) and that there was a maximum of 25 students per classroom. Tuition was free. Lunch was financed by United States federal grants. The majority of teachers were trained in the United States or Guam. While both the Palauan and English languages were taught from the first to the sixth grade, all courses at the seventh and eighth grades were taught exclusively in English.

88. The Mission also visited Palau Public High School. As the 1989 Visiting Mission had already noted in its report, the average enrolment was about 600 students, aged 14 to 17 years, and tuition was free. The Mission was told that education there was both vocationally oriented and academic. The school employed 60 teachers (20 males and 40 females) and 2 full-time student counsellors. Recruiting qualified teachers was often a problem as potential candidates preferred to migrate to Guam or Saipan where better salaries were offered.

89. The Mission visited the Micronesian Occupational College, the main educational institution providing vocational training to all Micronesia. The

College, as the Mission was told, had a staff of approximately 140, including 43 instructors. On average, about two thirds of the 350 students normally enrolled at the College came from outside Palau, mostly from the Federated States of Micronesia and the Marshall Islands.

90. The Micronesian Occupational College was founded in 1969 as a two-year, post-secondary vocational/technical institution. Currently, it offered a number of vocational and education courses leading to an Associate of Arts/Science degree. It also issued certificates of achievement for those students who did not complete their degrees. The College had three major divisions, namely, general studies, occupational education and trades and industries. The College offered one and/or two-year programmes in agricultural science, air conditioning and refrigeration, appliance repair, automotive body repair, automotive mechanics technology, construction carpentry, technology, general electronics technology, general clerical work, clothing construction and design, electrical technology, food services, heavy equipment and diesel mechanics, masonry technology, occupational home economics, business education, police science, secretarial science, small engines and outboard motors technology, welding technology and liberal arts programmes designed for students wishing to complete the first two years of general college work prior to transferring to a four-year college or university.

91. The Mission was told that the current budget of the College was approximately $4 million. There were fears that if the Federated States of Micronesia and the Marshall Islands withdrew their financial contributions and their students from the College, a major source of funding would come to an end. According to the late Chief Justice, the situation was further complicated by the fact that, if title to the College's land was transferred to the Palauan Government, claims for ownership by private individuals in Koror State, which had been pending before the Supreme Court, might be reactivated.

CHAPTER IV

SPECIAL ISSUES

A. Land issues

92. It will be recalled that the late Chief Justice of Palau had told the 1989 Visiting Mission that the land issue was likely to be the major problem for the judiciary in the foreseeable future. The 1992 Visiting Mission was able to confirm that forecast. According to the late Chief Justice, disputes over land ownership continued to be the subject of the majority of civil cases. The Lands and Survey Division, which was under the Executive Branch, was responsible for land surveys, while the role of the Land Claims Hearing Office, under the Judiciary, was to speed resolution of title claims. The Mission was told that thus far 30 per cent of the country had been surveyed and that of the 20,000 parcels of land in Palau, 5,000 had been adjudicated. As was pointed out at several meetings with government officials and the general public, the main problem seemed to be that the Palauan Government did not have enough resources, in terms of manpower and funds, to expedite the land survey process.

93. The land issue was raised on a number of occasions both in Koror and during visits by the Mission to Babelthuap and the state islands of Peleliu and Angaur. It was the main subject at the meeting with Palauan traditional chiefs in Koror. The Mission was told that, during the Japanese occupation, private and clan lands had been taken over by the Government without proper compensation. The chiefs unanimously urged the Administering Authority to help expedite the land survey process by providing the necessary technical and financial assistance. According to some participants, the land issue should be settled before the approval of the Compact of Free Association. The same call was reiterated by several OEK members and other political leaders.

94. At public meetings in Babelthuap, some speakers stated that foreign investors were discouraged because of disputes over land ownership and that the situation was hindering land development. Others said that large areas could not be cultivated because of those disputes. For instance, the leadership of Ngchesar State had called upon the Administering Authority to promote development of basic natural resources such as land and to provide the necessary funds and technical expertise for land survey.

95. In its joint statement on the occasion of the Mission's visit, the Palau leadership expressed concern over the Department of the Interior's position that "unless the Republic clearly demonstrates that there are no clouds over the title to land, it might have to withhold further funding for procuring medical equipment and supplies that must of necessity be ordered months in advance, not to mention possible holding up of final payment to our contractor".

96. The late Chief Justice informed the Mission that the Department of the Interior had recently granted Palau's request for technical assistance to expedite surveys of the remaining 70 per cent of the country. He added that, so far as disputes over land ownership were concerned, OEK had allocated extra resources to him.

97. The Angaur leadership for its part gave the Mission a copy of a letter it had addressed in June 1991 to the Representative of the Department of the Interior in Palau drawing his attention to what was termed "the failure of the High Commissioner's Office to oversee the Reclamation Program of the Angaur Mining Agreement with the Phosphate Manufacturing Company (PMC) of Japan". The letter further stated that "the Reclamation failed to backfill the mined areas to a height of one foot above the water table and also failed to return the topsoil back to the same areas where they were taken from". As a result, the people of Angaur had not been able to farm or grow trees on these mined areas.

B. Fisheries protection

98. As in 1989, one of the issues raised most frequently with the Mission was that of poaching by foreign, particularly Indonesian, vessels in Palauan fishing grounds. The Mission was told that the Palauans had periodically seized some of those vessels but had been unable to police the waters effectively because of the lack of adequate resources. In a letter dated 25 March 1992 addressed to the Assistant Secretary of the Interior drawing her attention to the situation in the South West Islands of Tobi, Sonsorol, Fana, Pulo Anwa, Merir and Helen Reef, all close to the Indonesian coast, the OEK Delegate of Tobi State stated that Palau's:

> "marine wealth is constantly preyed upon by foreign poachers. These poachers have come to learn that there is little enforcement of any environmental or conservation laws and, thus allowing the poachers to deplete entire species, at will. At best, assuming that the sole patrol boat available to the national Government is fully operational, it takes not less than one day for the patrol boat to reach Helen Reef from Koror. The poachers are free to flee to the safety of the blue ocean. Although some are apprehended, the vast majority escape with their plunder. Over the previous years, there were Chinese fishermen but now we have come to learn that the majority of the poachers are from Indonesia. However, owing to the restrictions of United States Secretary's Order 3142, we are restricted in our ability to engage in meaningful discussions with the Government of Indonesia. Further, we do not have sufficient negotiating leverage to persuade the much larger and intransigent relevant Government of Indonesia to discuss the matter."

C. Environment

99. Section 6 of Secretary's Order 3142 provides that "in order to protect the exceptional and delicate environment of the Rock Islands and properly prepare for development throughout Palau, a master national development plan shall be developed that is applicable to all of Palau and approved in public law by the Government of Palau". The section further provides that "until approval and implementation of such a plan, the national environment of the Rock Islands shall be preserved through a process whereby construction on any rock island in Palau is allowed only after approval on an individual project basis in public law by the Government of Palau".

100. Palau's leadership told the Mission that the above provision had given the Administering Authority the grounds for extending to Palau environment legislation that was designed to meet the needs of the United States, not those of a tropical developing country like Palau. At its first meeting with the President of Palau, the Mission was told that local development projects had to be interrupted and that Palauans had been taken to court for violation of such legislation, which the general public could not understand. He viewed the environment requirements, such as Secretary's Order 3142 as a whole, as an obstacle to the achievement of the Territory's immediate development objectives.

CHAPTER V

DISSEMINATION OF INFORMATION ON THE UNITED NATIONS

101. As in previous years, the Department of Public Information of the United Nations Secretariat distributed materials on the United Nations both directly to the Trust Territory and through its information centres, primarily the United Nations Information Centre at Tokyo. Other departments of the Secretariat cooperated in that effort, particularly the secretariat of the Trusteeship Council and the Distribution Section of the Office of Conference Services.

102. In its current report on dissemination of information to the Trust Territory covering the period from 1 May 1991 to 30 April 1992, the Department of Public Information stated that it had transmitted various forms of information to 92 recipients in the Trust Territory. Among the materials sent to the Trust Territory by this Department were the documents of the Trusteeship Council and taped radio and video programmes, which were mailed directly from Headquarters to 79 recipients in the Trust Territory. The Department also produced 10 press releases in the English and French languages on the work of the Trusteeship Council.

103. Owing to insufficient funds for travel, neither the Director of the Information Centre at Tokyo nor any representative of the Centre has been able to visit the Trust Territory since January 1988.

104. As in many developing countries, radio remains the most practical means of disseminating information in Palau. Radio has been used in political education programmes in the past. In addition, a significant proportion of the inhabitants, mainly those living in Koror, now have access to video cassettes and other visual materials. In the view of the Mission, the Department of Public Information should ensure that appropriate radio and video materials are provided on a regular basis to the Palau National Communications Corporation.

CHAPTER VI

CONCLUSIONS AND RECOMMENDATIONS

A. Future political status

105. Like many of its predecessors, the Mission was impressed by the high degree of political awareness demonstrated not only by the Palauan leadership but by a wide range of individuals in both Koror and the outlying states. The persons with whom the Mission spoke were well informed and articulate; and even if not everyone was aware of the finer details of the proposed Compact of Free Association, hardly a surprising fact given its length and complexity, all Palauans appeared to understand the essential points of an issue that they have now lived with for over a decade.

106. The Mission noted that the issue of Palau's future political status continued to dominate political life in the Territory. It was raised at almost all the meetings the Mission had with political leaders, the public and individuals. Most Palauans urged the earliest possible resolution of Palau's future political status, and believed that in any event the status quo could not and should not be prolonged indefinitely. Many, especially in the outlying states, expressed their support for the present Compact. Some community leaders, however, stated that more time was needed and asked for a moratorium on further referendums.

107. Some political leaders, including the President and Vice-President, stressed the need for a revision of some of the provisions of the Compact to reflect new realities in the world and urged the Administering Authority to reconsider its opposition to any reopening of discussions on the Compact. A number of the political leaders urged the Trusteeship Council to play a more active role in the search for a definitive solution to the political status issue.

108. In this connection, the President and his colleagues briefed the Mission on the initiative taken by the Government of Palau in a letter addressed to the Administering Authority on 4 October 1991. At the time of the Mission's visit, the Administering Authority had still not given the Government of Palau a substantive response. Upon the Mission's return to New York, however, the United States authorities apprised it of the contents of the reply of 7 April 1992 from the Deputy Assistant Secretary for East Asian and Pacific Affairs in the State Department. Paragraphs 33, 34 and 44 above record the gist of these exchanges. The main issues raised with the Mission were the nuclear question, the provisions governing United States requirements for land for possible military use and the duration of the Compact.

109. The Mission was further informed in Palau that two companion bills were pending before the House of Delegates and the Senate of the National Congress of Palau which, if enacted, would authorize the holding of a referendum to amend the Constitution to provide for the adoption of the Compact in a further referendum by a simple majority of votes. The governors of the states of Palau had likewise launched a popular initiative to the same end. The President and his colleagues indicated to the Mission that action on either of these initiatives was contingent, in their current thinking, upon the

favourable consideration by the United States of the modifications to the Compact that the Government of Palau had proposed in its letter of 4 October 1991. This would render the Compact of Free Association more acceptable to the voters than had been the case in the previous seven Compact plebiscites. The Government is no doubt now considering how to proceed in the light of the Administering Authority's reply.

110. It was clear to the Mission that Palau has outgrown its present institutional status. There was a perceptible sense of deep frustration over the continuing impasse. It is not for the Mission, or the Trusteeship Council, to express a preference for any particular form of future political status within the broad framework of self-government or independence laid down in Article 76 of the Charter of the United Nations. That is a decision that only the Palauan people can take through their constitutional processes. But the Mission hopes that the present impasse can be resolved speedily, and with the necessary flexibility, so that the Trusteeship Council and the Security Council can proceed to the termination of Palau's trusteeship status, which is now something of an anachronism. It remains for the Trusteeship Council to continue to fulfil its responsibilities conscientiously for as long as the Trusteeship Agreement remains in force.

B. Secretary's Order 3142

111. The Mission noted that all Palauan leaders with whom it spoke considered Secretary's Order 3142 a step backward and a limitation on their political status under the 1979 Constitution. In their view, restrictions imposed by the Order limit the exercise of self-government and run counter to some of the provisions of the Palauan Constitution. They also affirmed that the Order had created unnecessary obstacles to the daily management of the budget at the national as well as the state levels, and constituted a major impediment to the economic and social development of the Territory. Some argued that the United States was penalizing Palau for its failure to approve the Compact.

112. The Mission explored these issues in considerable detail with representatives of the Administering Authority. It sought clarification, inter alia, on the extent to which Palau could seek grant aid (as distinct from loans) from third countries; on the restrictions placed on private sector overseas borrowing; and on the specific budgetary problems faced by both the national Government and the states.

113. The Mission was left with three main impressions. First, it is in Palau's own interest, as a future potential borrower of external funds for development, that its financial affairs should be in order and past borrowings duly repaid. Secondly, however, there may well be either a misunderstanding of parts of the Order, or insufficiently close day-to-day consultations on their precise implications. Even with modern communications, Palau is a long distance away from Washington, and the procedures for approval by the Department of the Interior of Palauan budgets and other matters set out in the Order could become somewhat rigid. The Mission believes it necessary to provide greater capacity to give authoritative on-the-spot advice to the Palauan authorities over the preparation of their various requests, so that these are more likely to meet the requirements specified in the Order. This might involve either a greater role for the United States Liaison Office, or more regular visits to Palau by representatives of the Administering Authority.

114. Thirdly, the Mission does not doubt that the Administering Authority needs to fulfil its responsibilities for the conduct of Palau's foreign relations and the maintenance of Palau's financial standing. The Order will become obsolete once the issue of Palau's future status is resolved. It is important to prepare for that day, however, and to ensure that Palauans can at once assume the responsibilities that will come with the freedom to seek external assistance and investment whenever and wherever they wish. In the Mission's view, this strengthens the case made in paragraph 113 for a continuing process of consultation and advice on how best to satisfy the procedures required under the Order. The Mission is hopeful that over time the need for the Order, or at any rate for the activation of its suspension provisions, will be diminished.

C. Economic development

115. While recognizing the achievements of the Administering Authority in the political and educational fields, the leadership and some individuals whom the Mission met expressed dissatisfaction over the level of economic development and social progress achieved in the Territory. Such complaints were reflected in the joint statement issued by Palauan leaders on the occasion of the Mission's visit.

116. The Mission could observe for itself the lack of adequate infrastructure and physical development on the island of Babelthuap, which has caused many of its inhabitants to migrate to Koror, the capital. In the course of its visits to the States on that island, the Mission often heard complaints that had already been voiced to the 1989 Visiting Mission: the inadequacy of the road system except in Koror, the need to electrify all the population centres of Babelthuap, and the need to create the conditions on that island that would allow its inhabitants to return to their home villages and commute to work five days a week in Koror. In Peleliu and Angaur, where road systems are better, if antiquated, there were complaints, as in the other states outside Koror, that no funds were available even for small-scale services such as dispensaries. Again, the Mission could only agree. The pull of the capital, its employment opportunities and its public sector pay scales, was evident. The problems are exacerbated by the large proportion of the Palauan budget that is devoted to current as opposed to capital spending, in particular on public sector wages.

117. The Mission welcomed the ongoing consultations between the Administering Authority, the Government of Palau and the United Nations Development Programme (UNDP) on the preparation of a Master Plan for the development of Palau. Some leaders complained, however, that a number of development projects had been withheld pending the production of such a plan and urged the Administering Authority to take all necessary actions to accelerate its preparation. The Mission does not believe that a Master Plan in itself will resolve all Palau's development problems. Nevertheless, individual states have already undertaken capital improvement projects in the past few years, and there is an urgent need to coordinate such actions at the national level. In these circumstances, the Mission recommends that the Master Plan receive the highest priority. It hopes, however, that the Plan will be a relatively simple, streamlined tool for development, and that its preparation will not be hampered by unnecessary delays.

118. The Mission believes, however, that a number of possibilities exist for small-scale development projects in the states prior to approval of a Master Plan. It was impressed by the enthusiasm shown by a number of authorities in the states, and by their willingness to activate self-help projects provided that they received a modicum of financing from the national authorities. It is for the national Government to decide upon the distribution of funds available to it, much of which go at present to meet the costs of public administration. Small feeder roads, dispensaries, school maintenance and small electrical generators would all seem desirable projects, however, if the money were available.

119. The Mission noted that the issue of the debt incurred at the level of some individual states and at the national level for capital improvement projects was still unresolved. The power station in Aimeliik and the construction of roads in Ngiwal, Melekeok, Ngarchelong and Ngeremlengui States were among the projects concerned. The Mission hopes that all necessary steps will be taken to settle these problems.

120. The Mission noted with satisfaction that significant progress had been made in respect of tourism and fisheries, the two most promising sectors for the economic development of Palau.

121. The Mission was told that despite the adverse effects of the situation in the Persian Gulf on tourist movements world wide, the number of tourist arrivals in Palau had continued to increase. It has no doubt that Palau has all the potential to become a major tourist resort in that area of the Pacific. Some Palauan leaders nevertheless expressed concern over the lack of both capital and trained staff to support tourism activities. The Mission also noted the absence of statistics on tourist spending in the Territory and the related net income for the Government of Palau. Given the important role that this sector is likely to play in the future development of the Territory, the Mission recommends that the flow of statistical information available to the Government should be improved, and that greater emphasis be placed on career training and opportunities for Palauan nationals in the tourist sector.

122. With regard to fisheries, the Mission noted that the Government of Palau had taken a number of initiatives aimed at promoting the fishing industry through the granting of special incentives for foreign companies willing to invest in Palau. The Mission was told, in particular, that negotiations were under way with investors from Japan and the United States for the exploitation of marine resources. Again, however, the Mission was not able to obtain accurate statistical information on the amount of fish caught and the net revenue the Territory earned from this industry. Taking into account that the fishing industry has apparently become the second largest source of revenue for the Government of Palau, the Mission recommends that high priority be given to maximizing Palau's future revenue from fisheries. It was encouraged to learn that Palau had already concerted its negotiating position with other Pacific States to that end.

123. In making these recommendations the Mission also bore in mind the importance of increasing the local revenue available to the national Government so as to create conditions for the further economic self-reliance that all Palauans rightly judge necessary. There is a need to encourage sound non-debt-creating investment in these two sectors. This will no doubt be an easier task once Palau's future political status is settled.

D. Social development

1. Health care

124. Although the old hospital has its limitations, it was in better condition than in 1989 when the last Mission visited. The Mission is hopeful that the new hospital will be opened as soon as possible, and that the problems arising from the dispute over ownership of the land on which it stands will be speedily resolved.

125. The Mission notes with concern the continuing staff shortages, both of doctors and of nurses, and the lack of dispensaries and medical staff in a number of outlying States. These shortcomings reflect the more general problem that Palau's pay scales in the public sector are low by comparison with those in Guam and Saipan, let alone the United States. Since the Mission does not believe that Palau's finances can take the strain of further public sector pay increases, it recommends that consideration be given to other alternatives. One possibility might be to seek to recruit mature staff who intend to remain in Palau, whether for nursing or (in the outlying states) as general-purpose medical orderlies with small dispensaries of basic medicines at their disposal. Another possibility might be to purchase or lease a helicopter, if funds are available, for emergency medical evacuations. The helicopter could also be used for patrolling the waters in order to combat illegal fishing activity (see para. 130).

2. Questions of law and order

126. The Mission noted with satisfaction that some of the recommendations of the 1989 Visiting Mission regarding the prison had been taken into consideration. The Mission was told in particular that teams of prisoners had been constituted and were being used for public work outside the prison when requested. While prison facilities have improved somewhat, they remained inadequate because of overcrowding. In this connection, the Mission learnt that the Administering Authority had provided funds for an extension of the existing building, scheduled to start in June 1992, and hopes that this timetable will be maintained.

127. The late Chief Justice told the Mission that, while traffic in and consumption of hard drugs had declined markedly in recent years, soft drugs remained a social problem. This was brought home to the Mission when it inspected a large seizure of marijuana from Peleliu. The Mission saw evidence of a vigourous public information campaign against drugs. Nevertheless, the rewards for producers and traffickers are great; and the Mission recommends that efforts should be made, in areas capable of growing marijuana, to identify and support the production of other cash crops, or alternative forms of income.

E. Educational development

128. While generally satisfied with standards, the Mission noted a number of examples of inadequate maintenance of school buildings, especially in the outlying states, and recommends that money be found to improve conditions. It heard concerns about the level of absenteeism. The underlying problem of social attitudes can only be cured by an information campaign addressed to parents. The Mission also believes that the possibility of strengthening the vocational training component of the secondary school curriculum deserves consideration.

F. Special issues

129. The Mission noted that the land issue continued to be one of the major problems facing the Palau Government. There are two aspects to this issue: surveys and adjudication of claims and disputes. On the first, the Mission welcomes the agreement of the Administering Authority to grant the Palau Government's request for technical assistance to expedite surveys of the remaining 70 per cent of land in the Territory. It recommends that this cooperation be pursued and intensified. On the question of claims, the late Chief Justice assured the Mission of his determination to speed up the adjudication of the many civil cases in Palau involving land disputes. Recognizing the importance of this question to all Palauan citizens and the constraints which land disputes impose on economic development, the Mission expresses the hope that the Land Claims Hearing Office will continue to be adequately staffed and, if necessary, further reinforced.

130. The Mission noted with regret that the problem of illegal fishing by foreign vessels in Palauan waters, on which the 1989 Visiting Mission had already commented, still continued unresolved. Many concerns were expressed to the Mission on that issue. The Mission was told that Palau did not have enough workforce and equipment needed to patrol all its waters, and that the lodging and feeding of fishermen captured in connection with poaching continued to be a heavy burden on the Palau Treasury, and indeed on prison facilities. The Mission recommends that the Administering Authority give urgent consideration to the problem, and suggests as one possibility the conclusion of an agreement with the country principally concerned whereby its nationals, if convicted of poaching by a Palau court, would be returned to serve their sentence in that country's own prisons.

131. The Mission noted the widespread concern that United States environment legislation hindered Palau's efforts to pursue certain development projects. While there is always a difficult balance to be struck in this area, the Mission is aware that, under article VI of title one of the proposed Compact of Free Association, (a) any United States Government activity which triggered the application of the National Environmental Policy Act would also trigger the development of new standards and procedures particularly tailored to the Micronesian environment; and (b) the President of the United States might exempt any United States activity from the requirements of this article. It is confident that the requirements of environmental protection and economic development can be reconciled given the necessary flexibility and adaptation of United States legislation to Palau's particular needs and concerns.

CHAPTER VII

ACKNOWLEDGEMENTS

132. The members of the Visiting Mission wish to express their gratitude to the President of the Republic of Palau and all other Palauan ministers and officials for their cooperation and hospitality.

133. Wherever they went, the members of the Mission were made feel welcome and their requests for additional background information were met promptly and efficiently.

134. The members of the Mission wish particularly to extend their warm thanks to all the people of Palau, who welcomed them to their islands, for their generous hospitality and for explaining their views and concerns with great patience.

135. The Visiting Mission benefited greatly by the presence in Palau of Ms. Stella Guerra, Assistant Secretary of the United States Department of the Interior and Special Adviser to the Administering Authority; Ambassador Shirin Tahir-Kheli, Alternate Representative for Special Political Affairs, United States Mission to the United Nations; Mr. John Becker, Director, United States Department of State and Adviser to the United States delegation to the Trusteeship Council; Mr. Larry Morgan, Director, Legislative and Public Affairs, OTIA, United States Department of the Interior; Mr. Stephen D. Sanders, Staff Assistant, OTIA, United States Department of the Interior; and Mr. Bill Stinnet, Law Enforcement Coordinator, OTIA, United States Department of the Interior. The members of the Mission are very grateful for their valuable assistance and cooperation.

136. Last, but not least, the members of the Visiting Mission wish to express their appreciation to all the members of the United Nations Secretariat who accompanied the Mission, especially to Mr. Wilfrid De Souza, Principal Secretary, for their dedication and hard work throughout the visit.

Notes

1/ Trusteeship Agreement for the Trust Territory of the Pacific Islands (United Nations publication, Sales No. 1957.VI.A.1).

2/ For the report of the United Nations Visiting Mission to Observe the Referendum in the Trust Territory of the Pacific Islands, 1978, see Official Records of the Trusteeship Council, Forty-sixth Session, Supplement No. 2 (T/1795).

3/ See Official Records of the Trusteeship Council, Forty-seventh Session, Supplement No. 1 (T/1813), paras. 57-72.

4/ For the full text of the Constitution of Palau, see Official Records of the Trusteeship Council, Forty-eighth Session, Sessional Fascicle, annexes, document T/1826, annex II.

5/ See the report of the United Nations Visiting Mission to Observe the Plebiscite in Palau, Trust Territory of the Pacific Islands, February 1983, Official Records of the Trusteeship Council, Fiftieth Session, Supplement No. 3 (T/1851), chap. II.

6/ See the report of the United Nations Visiting Mission to Observe the Plebiscite in Palau, Trust Territory of the Pacific Islands, February 1986, Official Records of the Trusteeship Council, Fifty-third Session, Supplement No. 2 (T/1885), annex V.

7/ For the report of the United Nations Visiting Mission to Observe the Plebiscite in the Federated States of Micronesia, Trust Territory of the Pacific Islands, June 1983, see Official Records of the Trusteeship Council, Fifty-first Session, Supplement No. 1 (T/1860).

8/ For the report of the United Nations Visiting Mission to Observe the Plebiscite in the Marshall Islands, Trust Territory of the Pacific Islands, September 1983, see Official Records of the Trusteeship Council, Fifty-first Session, Supplement No. 2 (T/1865).

9/ For the report of the United Nations Visiting Mission to Observe the Plebiscite in Palau, Trust Territory of the Pacific Islands, December 1986, see Official Records of the Trusteeship Council, Fifty-fourth Session, Supplement No. 1 (T/1906).

10/ For the report of the United Nations Visiting Mission to Observe the Plebiscite in Palau, Trust Territory of the Pacific Islands, June 1987, see Official Records of the Trusteeship Council, Fifty-fourth Session, Supplement No. 2 (T/1919).

11/ For the text of the Palau Public Law No. 2-30, see report of the United Nations Visiting Mission to Observe the Plebiscite in Palau, Trust Territory of the Pacific Islands, August 1987, Official Records of the Trusteeship Council, Fifty-fourth Session, Supplement No. 3 (T/1920), annex II.

Notes (continued)

12/ For the report of the United Nations Visiting Mission to Observe the Plebiscite in Palau, Trust Territory of the Pacific Islands, August 1987, see Official Records of the Trusteeship Council, Fifty-fourth Session, Supplement No. 3 (T/1920).

13/ Ibid., annex VI.

14/ See the report of the United Nations Visiting Mission to Observe the Plebiscite in Palau, Trust Territory of the Pacific Islands, February 1990, Official Records of the Trusteeship Council, Fifty-seventh Session, Supplement No. 1 (T/1942) and Corr.1, chap. X.

Annex I

ITINERARY OF THE VISITING MISSION

Date	Place		Remarks
23 March 1992	Honolulu		Arrived from New York
24 March			Departed by air for Guam (crossed the international date-line)
25 March	Guam		Arrived from Honolulu
			Departed by air for Palau
	Koror, Palau		Arrived from Guam
26 March	Koror		Called on the President of the Republic of Palau
			Called on the Vice-President
			Hosted a luncheon for state governors
			Met with traditional leaders
			Met with members of the Senate, as well as the Speaker and members of the House of Delegates, Third Olbiil Era Kelulau (National Congress of Palau)
			Attended dinner reception given by the President of the Republic of Palau
27 March			Met with Ministers
		(Team A)	Visited the Seventh Day Adventist Elementary School
			Visited the prison
			Visited the Koror Elementary School and Palau High School
		(Team B)	Visited the Palau Museum
			Visited the Micronesian Occupational College

Date	Place		Remarks
			Visited the Ben Franklin Building of the Western Caroline Trading Company (WCTC)
			Visited the Micronesian Mariculture Demonstration Center
			Toured the Palau International Traders Incorporated and surrounding areas
			Met with Ministers
			Hosted a dinner for tourism officials
28 March		(Team A)	Departed by boat for Eastern Babelthuap
	Ngiwal		Met with community leaders
	Melekeok		Met with community leaders and the general public
	Ngchesar		Meeting and working luncheon hosted by the state
	Ngerusar		Met with community leaders and the general public
			Departed by car for Koror
		(Team B)	Departed by boat for Western Babelthuap
	Oketol		Met with community leaders and the general public
	Ngaraard		Met with community leaders and the general public
	Ngeremlengui		Meeting and working luncheon hosted by the state
	Ngatpang		Met with community leaders and the general public
	Aimeliik		Toured the power plant of the International Power Systems Engineering Company
			Met with community leaders and the general public

Date	Place		Remarks
			Departed for Koror
29 March	Rock Islands		Attended a working luncheon given by the President of the Republic of Palau
30 March		(Team A)	Departed by boat for Peleliu
			Met with community leaders and the general public
			Departed for Koror
	Koror	(Team B)	Departed by air for Angaur
			Met with community leaders and the general public
			Departed for Koror
30 March	Koror		Met with community leaders and the general public
			Hosted a dinner for the President of Palau and senior officials
31 March			Met with the Chief Justice of Palau
			Met with OEK members
			Met with the President of the Republic of Palau
			Met the Officer-in-Charge of the United States Civil Action Team and toured its facilities
1 April			Departed by air for Guam, Honolulu and New York

Annex II

STATEMENT BY H.E. MR. THOMAS L. RICHARDSON, CHAIRMAN OF THE VISITING MISSION, ON 26 MARCH 1992

My name is Tom Richardson. I am the President of the United Nations Trusteeship Council and the Chairman of the United Nations Visiting Mission to observe current conditions in Palau. In New York, I also serve as the Deputy Permanent Representative of my country, the United Kingdom, to the United Nations.

The other members of the Mission are Mr. Jean Felix-Paganon from France, Vice-President of the Trusteeship Council, Mr. Wang Guangya from China, Mr. Valentin Berezovsky from the Russian Federation, Ambassador Jesse B. Marehalau from the Federated States of Micronesia and Ambassador Renagi Renagi Lohia from Papua New Guinea.

I am particularly pleased that two members of my Mission come from countries which are your neighbours and who know and understand the concerns of your people and the challenges facing the countries of the Pacific region.

It is an enormous honour for me and my colleagues to have this opportunity to visit your beautiful country, well known for its natural wonders and its hospitable and friendly people. Our delegation is being assisted by a team of four officers from the Secretariat of the United Nations headed by Mr. Wilfrid De Souza, Secretary of the Trusteeship Council of the United Nations.

There are certain factors which I think make the occasion of this visiting mission unique and which I hope will augur well for the future progress and prosperity of this beautiful land and its people. The entire membership of the Trusteeship Council is represented for the first time in Palau; so too are two countries from the region of the South Pacific one of which, namely, the Federated States of Micronesia, was part of the Trust Territory of the Pacific Islands until only last year and became a Member State of the United Nations on 17 September 1991.

I also take note with great appreciation of the assistance being provided by the Administering Authority and of the presence of Ms. Stella Guerra, Assistant Secretary of the United States Department of the Interior and Special Advisor to the Administering Authority, and Ambassador Shirin Tahir-Kheli, Alternate Representative for Special Political Affairs at the United States Mission to the United Nations.

The United Nations continues to take with utmost seriousness its obligations under Article 76 b of the Charter of the United Nations which is concerned with the promotion of, and I quote, "the political, economic, social and educational advancement of the inhabitants of the trust territories and their progressive development towards self-government or independence as may be appropriate to the particular circumstances of each territory and its peoples and the freely expressed wishes of the peoples concerned ...".

We are here at the invitation of the United States of America, the Administering Authority for the Trust Territory of the Pacific Islands, which is responsible for ensuring that these objectives are pursued in Palau. We are here because the United States has asked the Trusteeship Council, the governing body of the United Nations for the Trust Territory, to send a mission to Palau to observe current conditions in Palau, and the Council has responded positively to that request.

The Trusteeship Council has mandated us to obtain firsthand information concerning political, economic and social developments in your country. We are further directed by the Trusteeship Council to receive petitions and to examine on the spot such petitions as, in our opinion, warrant special examination. When we return to New York, we shall submit a report to the Trusteeship Council on our findings, as well as on our observations, conclusions and recommendations.

We have been very graciously received and welcomed by your President. We have also met your Vice-President and Minister of Justice. We shall be meeting your state governors, traditional chiefs, elected representatives of the Olbiil Era Kelulau and Cabinet Ministers. We shall tour facilities such as hospitals, schools and civic centres. We intend to visit both the eastern and western parts of Babelthuap, as well as the islands of Peleliu and Angaur.

But what we really want to do is to meet with you, the general public, and with community groups. We shall make every effort to hold public meetings in as many places as possible so that we can hear your views. We shall be available to all groups, as well as to any individuals who may wish to see us.

We continue to rely on your cooperation in fulfilling the tasks mandated to us by the Trusteeship Council. We look forward to meeting as many of you as possible and to listening to what you have to say.

In conclusion, I should like, on behalf of the United Nations, to thank you for the warm welcome accorded to us and to extend to you our best wishes for a happy and prosperous future.

Annex III

WRITTEN COMMUNICATIONS RECEIVED BY THE VISITING MISSION

1. Petition submitted to the Mission on behalf of the Association of State Governors, 24 March 1992.

2. Joint statement submitted to the Mission on behalf of Palau's leadership, 26 March 1992.

3. Statement read out to the Mission on behalf of Palau's Governors, 26 March 1992.

4. Copy of Secretary's Order No. 3142 enacted by the United States Secretary of the Interior on 15 October 1990.

5. Petition submitted to the Mission on behalf of Third Olbiil Era Kelulau, Tobi State, dated 25 March 1992.

6. Copy of a letter from the United States Assistant Secretary for Territorial and International Affairs to the President of the Republic of Palau, dated 25 March 1992.

7. Petition submitted to the Mission on behalf of the people of Angaur, 26 March 1992.

8. Statement read out to the Mission by the Governor of Ngchesar State, 27 March 1992.

9. Statement read out to the Mission by the Governor of Angaur, 30 March 1992.

10. Statement read out to the Mission on behalf of Otil A Belaud, 30 March 1992.

11. Statement read out to the Mission on behalf of Peleliu State leadership, 30 March 1992.

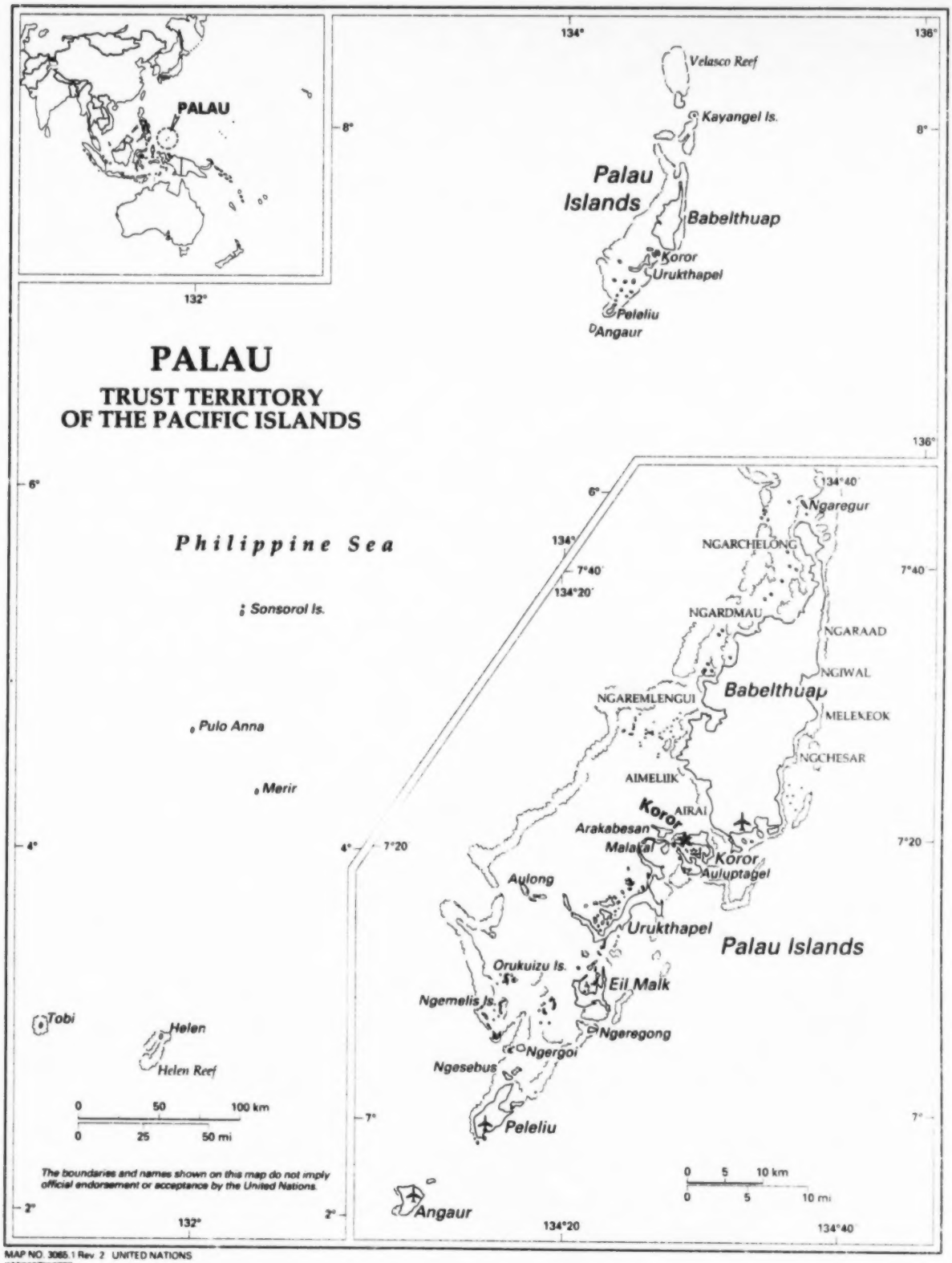
12. Statement read out to the Mission on behalf of members of the Senate of the Third Olbiil Era Kelulau, Koror, 30 March 1992.

13. Petition submitted to the Mission on behalf of the Senate of the Third Olbiil Era Kelulau, Koror, 30 March 1992.

14. Statement read out to the Mission on behalf of CCJD/Palau Chapter, 30 March 1992.

15. Statement read out to the Mission by the late Chief Justice Nakamura, 31 March 1992.

16. Copy of letter from the United States Assistant Secretary for East Asian and Pacific Affairs addressed to the leadership of Palau, dated 7 April 1992.



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